THE MUNICIPALITY OF METROPOLITAN TORONTO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1983

THE MUNICIPALITY OF METROPOLITAN TORONTO
FINANCIAL STATEMENTS
For the Year Ended December 31, 1983

THESE STATEMENTS ARE FOR THE MUNICIPALITY OF METROPOLITAN TORONTO, INCLUDING THE BOARD OF COMMISSIONERS OF POLICE AND THE LICENSING COMMISSION AND FOR THE METROPOLITAN TORONTO WATERWORKS SYSTEM. CONSOLIDATED STATEMENTS FOR THE MUNICIPALITY AND STATEMENTS OF ITS OTHER BOARDS AND AGENCIES WILL BE DISTRIBUTED AS PART OF THE ANNUAL REPORT OF THE COMMISSIONER OF FINANCE.

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THE MUNICIPALITY OF METROPOLITAN TORONTO

SIX-YEAR FINANCIAL REVIEW

Not subject to audit
(All dollar amounts are in thousands of dollars, except per capita figures)

	1983	1982	1981	1980	1979	1978
Population at the end of the year	2,140,347	2,189,180	2,168,712	2,155,726	2,137,867	2,150,151
Area in acres at the end of the year	154,584	154,584	154,584	154,584	154,584	154,584
Employees - continuous full time	14,612	13,360	13,028	12,524	12,312	12,390
- part time	1,195	1,630	1,294	1,082	761	1,062
Assessment						
Taxable assessment upon which the year's rates of taxation were set						
Residential and farm	$4,489,762	$4,375,412	$4,266,197	$4,227,153	$4,127,631	$4,046,018
Commercial and industrial	4,045,484	4,021,747	3,820,133	3,800,787	3,678,687	3,578,369
Total	$8,535,246	$8,397,159	$8,086,330	$8,027,940	$7,806,318	$7,624,387
Per capita	$ 3,988	$ 3,836	$ 3,729	$ 3,724	$ 3,651	$ 3,546
Commercial and industrial, and business as a percentage of taxable assessment	47.40%	47.89%	47.24%	47.34%	47.12%	46.93%
Revenue for general municipal services						
Taxation - (Levy on area municipalities, supplementary taxes)	$ 547,650	$ 693,162	$ 666,341	$ 399,782	$ 368,186	$ 333,942
Ontario grants	397,939	351,688	293,464	260,559	230,731	219,192
Other grants	2,065	56	250	7	-	-
Fees and service charges	112,997	90,622	68,615	58,211	48,993	40,390
Other	57,608	53,220	34,289	36,039	34,229	32,363
Total	$1,118,259	$ 988,748	$ 861,159	$ 754,593	$ 682,139	$ 626,087
Expenditure - general municipal	$1,112,253	$1,004,221	$ 843,025	$ 758,245	$ 659,292	$ 627,271
Transfers to the school boards	$1,005,058	$ 907,773	$ 776,569	$ 689,866	$ 633,845	$ 587,941
Net long term liabilities						
General municipal activities	$ 615,318	$ 619,148	$ 652,608	$ 678,786	$ 502,961	$ 493,320
- per capita	$ 194	$ 191	$ 209	$ 222	$ 235	$ 229
- percentage of taxable assessment	4.87%	4.99%	5.6%	5.96%	6.66%	6.67%
Municipal enterprises	$ 109,636	$ 123,293	$ 136,189	$ 165,636	$ 159,981	$ 157,236
Charges for net long term liabilities						
General municipal activities	$ 87,744	$ 85,853	$ 87,178	$ 86,950	$ 83,266	$ 83,160
- per capita	$ 41.00	$ 39.22	$ 40.20	$ 40.33	$ 39.88	$ 38.68
Capital financing during the year						
Contributions from own funds	$ 81,998	$ 40,839	$ 50,028	$ 47,560	$ 29,962	$ 30,283
Long term liabilities incurred	38,160	9,131	12,362	15,413	48,887	34,992
Ontario grants	115,126	82,747	62,047	43,600	45,217	60,731
Other	20,479	14,801	13,559	21,387	25,403	20,233
Total	$ 255,763	$ 147,518	$ 137,996	$ 127,960	$ 149,469	$ 146,239
Capital expenditure during the year	$ 274,771	$ 153,681	$ 119,636	$ 111,205	$ 122,830	$ 153,277
Accumulated net revenue (deficit) at the end of the year	$ 39,329	$ 33,323	$ 48,796	$ 31,062	$ 34,709	$ 11,862
Reserves and reserve funds	$ 46,124	$ 80,634	$ 39,634	$ 23,994	$ 7,134	$ 4,637

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Allan G. Andrews, C.A., *Metropolitan Auditor*

July 16, 1984

AUDITOR'S REPORT

**The Chairman and Members of the
Metropolitan Council of the
Municipality of Metropolitan Toronto**

I have examined the balance sheet of the Municipality of Metropolitan Toronto as at December 31, 1983 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Municipality as at December 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles for Ontario municipalities applied, after giving retroactive effect to the changes in accounting policy as explained in Note 15 to the financial statements on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

THE MUNICIPALITY OF METROPOLITAN TORONTO

BALANCE SHEET

AS AT DECEMBER 31, 1983
(in thousands of dollars)

	1982	1983
ASSETS		
Unrestricted		
Cash	$ 1,280	$ 3,318
Investments (note 5)	155,707	103,825
User charges receivable	13,977	21,838
Accounts receivable (note 13)	143,495	160,932
Other current assets	9,973	11,855
Long term receivables	1,996	1,537
	326,428	303,305
Restricted		
Cash	181	614
Investments (note 5)	11,028	13,364
Accounts receivable	53	309
Other current assets	110	116
	11,372	14,403
Capital outlay financed by long term liabilities and to be recovered in future years (notes 3, 6)	737,245	700,827
	$1,075,045	$1,018,535
LIABILITIES		
Temporary loans	$ 5,519	$ 7,687
Accounts payable and accrued liabilities (notes 8, 9, 10)	174,101	185,120
Other current liabilities (note 13)	9,936	13,051
	189,556	205,858
Long term payables		11,138
Net long term liabilities (note 6)	737,245	700,827
FUND BALANCES AT THE END OF THE YEAR		
To be used to offset taxation or user charges in 1984	33,323	39,329
Unexpended capital financing	34,267	15,259
Reserves (note 12)	69,505	32,056
Reserve funds (note 12)	11,149	14,068
	$1,075,045	$1,018,535

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1983

(in thousands of dollars)

	1982	1983
SOURCES OF FINANCING:		
Taxation and user charges		
Requisition on local municipalities	$1,400,935	$1,552,708
User charges	91,122	118,863
Less: School board requisition	(907,273)	(1,005,058)
	584,784	666,513
Grants		
Government of Canada	723	2,526
Province of Ontario	634,435	513,465
	635,158	515,991
Other		
Investment income	26,662	13,662
Sale of land	5,040	5,999
Fines	21,185	22,916
Other	17,843	18,993
	70,730	60,970
Proceeds from the issue of long term liabilities	10,007	37,552
Net appropriations from reserves and reserve funds		34,330
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR		
To be used to offset taxation or user charges	48,796	33,323
Unexpended capital financing	65,730	34,267
	114,526	67,590
Total financing available during the year	$1,214,703	$1,382,746

	1982	1983
APPLIED TO:		
Current operations		
General government	$ 40,819	$ 47,870
Protection to persons and property	302,666	304,696
Transportation services	170,133	181,616
Environmental services	92,617	101,704
Health services	28,082	31,282
Social and family services	259,416	320,093
Recreation and cultural services	52,446	55,718
Planning and development	5,448	12,038
	951,625	1,054,017
Capital		
General government	623	488
Protection to persons and property	5,140	21,320
Transportation services	106,277	163,097
Environmental services	26,031	69,320
Health services	2,649	2,822
Social and family services	5,302	6,845
Recreation and cultural services	8,443	8,890
Planning and development	25	21
	154,490	273,323
Net appropriations to reserves and reserve funds	41,200	
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR		
To be used to offset taxation or user charges	33,323	39,329
Unexpended capital financing	34,267	15,299
	67,590	54,588
Total applications during the year	$1,214,703	$1,382,746

(see accompanying notes)

THE MUNICIPALITY OF METROPOLITAN TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipalities in Ontario as required by the Ontario Ministry of Municipal Affairs and Housing and reflect the following policies as set forth in the Municipal Financial Reporting Handbook:

(a) Basis of Consolidation

(i) Statement of Operations

This statement reflects the sources of financing and expenditures of the revenue fund, reserves, reserve funds and the capital fund of the Municipality. Also included therein is

- the Metropolitan Education Levy requisitioned upon the Metropolitan area municipalities on behalf of the Metropolitan Toronto School Board

- the long term debt incurred on behalf of the Metropolitan Toronto Waterworks System together with the accompanying transfer of capital funds.

The operations of the following local boards are, because of their legal relationship to the Municipality and for administrative purposes, contained within the books of account of the Corporation and are accordingly included within these financial statements:

Metropolitan Board of Commissioners of Police
Metropolitan Licensing Commission

The following local boards and municipal enterprises of the Municipality are not consolidated in these financial statements:

Metropolitan Toronto Waterworks System
Metropolitan Toronto Library Board
Toronto Transit Commission
Gray Coach Lines, Limited
Board of Governors of Exhibition Place
Metropolitan Toronto Housing Company Limited
Board of Management of the O'Keefe Centre
Board of Management of the Metropolitan Toronto Zoo
Metropolitan Toronto School Board

(ii) Balance Sheet

This statement reflects the assets and liabilities of the revenue fund, reserve funds and capital fund of the Municipality, the Metropolitan Board of Commissioners of Police and the Metropolitan Licensing Commission.

(iii) Non-Consolidated Entities

For those local boards and municipal enterprises of the Municipality which are not consolidated, the Balance Sheet does not reflect their assets or liabilities except to the extent of the net long term liabilities issued by the Municipality on behalf of its municipal enterprises and the amounts due to or from those entities. The Statement of Operations does not reflect their revenues and expenditures except to the extent of the Municipality's contribution to those entities.

(iv) Trust Funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and the Trust Funds Balance Sheet.

(b) Basis of Accounting

(i) Charges for Long Term Liabilities

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long term liabilities which are charged against operations in the periods in which they fall due. Interest and principal charges are not accrued for the periods from the latest due dates to the end of the financial year. It is the intention of Metropolitan Council to convert to a system of full accrual of debenture interest charges on January 1, 1985, and, to permit the phasing of the fiscal impact over intervening years, allocations are being made to a reserve established for this purpose.

(ii) Revenue and Expenditure Recognition

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) Capital Outlay Financed by Long Term Liabilities and to be Recovered in Future Years

The historical cost and accumulated depreciation of fixed assets are not reported for municipal purposes. Instead the "Capital outlay financed by long term liabilities and to be recovered in future years", which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures, the value of long term obligations arising out of capital leases entered into by the Municipality, and capital funds transferred to local boards and municipal enterprises of the Municipality, is reported on the Balance Sheet.

(iv) Liabilities Payable in Foreign Currencies

Long term debt payable in U.S. Funds has been converted into Canadian Funds at the exchange rates prevailing at the time the debt was incurred.

(v) Inventories

Inventories of supplies amounting to $3,369,000 (1982 - $2,873,000) and included in "Other Current Assets - Unrestricted" on the Balance Sheet are valued at cost of acquisition.

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

The assets and liabilities of The Metropolitan Toronto and Region Conservation Authority - an unconsolidated joint board of the Metropolitan Corporation - have not been consolidated and are not reported on the Balance Sheet, except to the extent of the long term liabilities to be recovered from general taxation.

The operations of The Metropolitan Toronto and Region Conservation Authority have also not been consolidated. The Statement of Operations includes only the following contributions made by the Municipality to the Authority:

	1983	1982
	(in thousands)	
- for current purposes	$3,236	$3,663
- for capital purposes	1,520	1,315

3. CAPITAL OUTLAY FINANCED BY LONG TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS

(a) Some capital outlay to be recovered in future years does not represent a burden on general municipal revenues as it is to be recovered either from revenue of the School Board or from the individual municipal enterprises as follows:

	1983	1982
	(in thousands)	
Metropolitan Toronto School Board	$175,873	$193,831
Metropolitan Toronto Waterworks System	85,928	96,323
Toronto Transit Commission	23,708	26,970

(b) Capital outlays, fixed asset purchases and transfers of capital funds totalling $55,309,000 (1982 - $38,149,000) which have been financed from general municipal revenues of the current year are reported on the Analysis of Current Operations.

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to $16,604,000 (1982 - $16,157,000) have not been included in the Balance Sheet nor have their operations been included in the Statement of Operations.

5. INVESTMENTS

The unrestricted investments of $103,825,000 (1982 - $155,707,000) and restricted investments of $13,364,000 (1982 - $11,028,000) are recorded on the Balance Sheet at cost. The market value of these investments at the end of the year approximates book value.

6. NET LONG TERM LIABILITIES

(a) Debenture Debt

Under the provisions of the Municipality of Metropolitan Toronto Act, the Metropolitan Corporation has the sole responsibility for borrowing money for its own account, the accounts of its local boards and municipal enterprises, and for the accounts of its area municipalities and their local boards and enterprises. It also assumed, under the provisions of the Act, certain debt incurred

directly by its area municipalities prior to this statutory responsiblity. Where money is borrowed or debt assumed on behalf of other bodies, repayment of the related debt servicing requirements is made by these bodies to the Municipality.

(b) Other Long Term Obligations

Included in this category are:

- the long term obligations arising out of lease purchase agreements entered into by the Municipality in respect of the Animal Domain Ride vehicles at the Metropolitan Toronto Zoo amounting to $3,417,000 (1982 - $3,706,000) and also in respect of the purchase of computer equipment by the Metropolitan Police Commission in the sum of $804,000 (1982 - $974,000).

- a long term interest free loan payable to the Province of Ontario in connection with the capital cost of the expansion of Exhibition Stadium amounting to $8,104,000 (1982 - $8,177,000).

(c) Reconciliation of Gross Long Term Liabilities with Net Long Term Liabilities as reported on the Balance Sheet

In respect of debenture debt

	(in thousands)	
Total principal amount outstanding and incurred by the Municipality		
- for own account	$696,528	
- for local boards and municipal enterprises	224,095	
- for Metropolitan Toronto School Board	229,103	
- for area municipalities	427,525	$1,577,251
Total principal amount outstanding incurred by area municipalities and assumed by the Municipality		
- for own account	693	
- for Metropolitan Toronto School Board	105	798
		1,578,049

Brought forward			$1,578,049
Less: Principal amount outstanding payment of which is to be recovered from others			
- from area municipalities		427,525	
- from Province of Ontario (in respect of assets assumed)		13,444	440,969
			1,137,080
Less: Value of funds accumulated to retire outstanding long term liabilities			
Sinking Fund			
- for own account	280,481		
- for local boards and municipal enterprises	114,459		
- for Metropolitan Toronto School Board	53,335	448,275	
Ministry of the Environment Debt Retirement Fund		303	448,578
Net Long Term Liabilities - Debenture Debt			688,502
In respect of other long term obligations			
Net Long Term Liabilities			
- Capital Leases		4,221	
- Long Term Loans		8,104	12,325
Total Net Long Term Liabilities			$ 700,827
Net long term liabilities outstanding are in respect of the following purposes (in thousands):			
- General municipal activities other than the Metropolitan Toronto Library Board			$394,894
- The Metropolitan Toronto Library Board			20,424
			415,318

Brought forward	$415,318
- The Metropolitan Toronto Waterworks System (recovered from the revenues of the Waterworks System)	85,928
- The Toronto Transit Commission (recovered from the revenues of the Commission)	23,708
- The Metropolitan Toronto School Board (recovered from the revenues of the School Board)	175,873
	$700,827

(d) Net Long Term Liabilities - Future Redemption

Of the net long term liabilities reported in (c) of this note, $259,651,000 in principal payments are payable from 1984 to 1988, $199,179,000 from 1989 to 1993 and $108,424,000 thereafter, and are summarized as follows:

	1984 to 1988	1989 to 1993	1994 and thereafter
		(in thousands)	
from General Municipal Revenues	$127,256	$114,042	$ 66,841
from the Metropolitan Toronto Waterworks System	23,571	22,029	14,240
from the Toronto Transit Commission	9,058	10,749	3,595
from the Metropolitan Toronto School Board	99,766	52,359	23,748
	$259,651	$199,179	$108,424

(e) Translation of Net Long Term Liabilities payable in U.S. Funds

Included in the total of $700,827,000 is an amount of $205,242,000 payable in U.S. funds and converted at rates of exchange prevailing at the time the liability was incurred. If translated at the exchange rate prevailing at December 31, 1983, the Canadian dollar equivalent of this amount of debt would be increased by $37,072,000 (1982 - $37,359,000).

(f) **Ontario Municipal Board**

Approval of the Ontario Municipal Board has been obtained for the long term liabilities reported on the Balance Sheet.

7. CHARGES FOR LONG TERM LIABILITIES

Payments and recoveries in respect of the total debt incurred by the Municipality for its own account and on account of its local boards and municipal enterprises are set out below. Also included are payments in respect of capital leases entered into by the Province of Ontario in respect of the long term loan for the expansion of Exhibition Stadium.

	1983	1982
	(in thousands)	
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	$54,340	$50,689
Interest	$97,380	100,555
	151,720	151,244
Recoveries from local boards and municipal enterprises for whom the long term liability was incurred	63,976	65,134
	$87,744	$86,110

The amount of $87,744,000 is charged to expenditures on the Statement of Operations under the appropriate functional classifications and consists of principal payments of $27,967,000 and interest payments of $59,777,000. Payments of interest and principal on debt issued in U.S. currency included in these amounts are reflected at the actual Canadian dollar costs incurred. Principal payments include the sum of $1,486,000 (1982 - $1,183,000) which reflects the excess of costs of conversion to U.S. funds over the corresponding principal amounts recorded at the time the debt was issued.

8. CONTRACTUAL OBLIGATIONS

(a) **Capital Fund**

Property Settlements Outstanding

Due to the lengthy processes involved in the agreement of the valuation of properties expropriated for capital improvements, there

were a number of settlements outstanding at the end of the year. In view of the complexities of arriving at valuations of such properties, no liability has been brought to account or determined for such outstanding property settlements as at December 31, 1983.

Long Term Liabilities Incurred on Behalf of Area Municipalities

The Municipality is contingently liable for long term liabilities incurred on behalf of its area municipalities. The total amount outstanding as at December 31, 1983 was $427,525,000 (1982 - $415,950,000) and is not recorded on the Balance Sheet. During the year long term liabilities of $43,926,000 (1982 -$30,216,000) were incurred on behalf of the Metropolitan area municipalities and are not reflected on the Statement of Operations.

(b) Revenue Fund

Reduced T.T.C. Fares for the Elderly

The Municipality has entered into an agreement with the Toronto Transit Commission whereby the Municipality has undertaken to assume the cost of the difference between the cost of regular adult fares and half-fares paid by residents of the Municipality 65 years of age and over, effective January 1, 1971, as amended. This agreement continues in force until terminated by either party on sixty days' notice. Expenditures by the Municipality amounted to $8,796,000 in 1983 and provision has been made in the estimates for 1984 for an expenditure of $9,300,000 in this regard.

9. PAST SERVICE PENSION COSTS

In addition to regular payments in respect of current service, the Municipality is obligated to pay the following amounts in respect of past service into various pension and benefit plans as follows (in thousands):

Total - 1984 to 1987	$ 51,906
Total - 1988 to 1991	51,493
Total - 1992 to 1994	26,040
Total commitment as at December 31, 1983	$129,439

No provision has been made in the accounts for these obligations, and the expense is recorded as annually incurred. In this regard, expenditure of $13,014,000 was incurred in 1983 and is reported on the Statement of Operations.

10. VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment.

Metropolitan Council on April 23, 1982, approved the establishment of a Corporate Sick Pay Reserve Fund to cover payouts to employees of the Metropolitan Corporation, the Metropolitan Waterworks System and the Metropolitan Toronto Housing Company Limited, such that contributions to the fund are sufficient to offset expected payouts over a given period of time. Projections are required to be made over a forecast period of ten years, such projection process being repeated every two years. It is anticipated that this process will stabilize the financial impact on the Corporation in respect of future payment of vested sick leave benefits.

Based on the latest projections, contributions to the Corporate Sick Pay Reserve Fund are anticipated to amount to $12,529,000 for the years 1984-1986, $17,861,000 for the years 1987-1989 and $24,427,000 for the years 1990-1992 and allow the funds in reserve to remain generally between 15 and 20 per cent of the contingent liability represented by vested sick leave benefits. As at December 31, 1983, the balance of the Corporate Sick Pay Reserve Fund stood at $12,428,000 while the contingent liability in regard to vested sick leave benefits amounted to $56,934,000.

Contributions to the Corporate Sick Pay Reserve Fund in 1983 relative to employees of the Metropolitan Corporation amounted to $3,649,000, and are reported on the Analysis of Current Operations.

11. MUNICIPAL EQUITY AT THE END OF THE YEAR

(a) The balance on the Statement of Operations of municipal equity of $54,588,000 (1982 - $67,590,000) at the end of the year is comprised of the following:

	1983	1982
	(in thousands)	
. for general reduction of taxation	$39,329	$33,323
. acquisition of fixed assets to be recovered through taxation	(17,840)	(9,166)
. acquisition of fixed assets to be financed from the proceeds of long term liabilities	(17,840)	(9,166)
. funds available for the acquisition of fixed assets	50,939	52,599
	$54,588	$67,590

(b) Approval of the Ontario Municipal Board has been obtained for the pending issues of long term liabilities and for those commitments to be financed from revenues beyond the term of Council.

12. RESERVES AND RESERVE FUNDS

The total balance of reserves and reserve funds of $46,124,000 (1982 - $80,654,000) is made up of the following:

	1983	1982
	(in thousands)	
Set aside for specific purposes by Council		
Reserves		
. for exchange stabilization	$ 2,360	$ 2,360
. for replacement of equipment	2,465	2,722
. for sick pay benefits	1,158	404
. for debenture interest accrual	7,650	3,825
. for capital financing stabilization	9,616	39,694
. for capital expenditure	-	5,000
. for parks and recreation programs and facilities	1,089	1,000
. for construction of convention centre	6,543	13,500
. for emergency response facilities	1,175	1,000
	$32,056	$69,505
Reserve Funds		
. for sick pay benefits	$12,428	$10,079
. for insurance	749	731
. for parks and recreation programs and facilities	776	228
	$13,953	$11,038
Total	$46,009	$80,543

	1983	1982
	(in thousands)	
Set aside for specific purposes by legislation, regulation or agreement		
Reserve Funds		
. for Lakeview Sewage Treatment Plant - Ministry of the Environment Reserve Fund for contingencies	$ 115	$ 111
Grand Total	$46,124	$80,654

13. SINKING FUNDS SURPLUS MONIES

The actual Sinking Funds reflected in the value of net long term liabilities at the end of the year do not include specific accumulations at that date in excess of the total related debt. Because those accumulations are subject to a decision of The Metropolitan Council as to their use for either capital or revenue purposes, it has been the Corporation's policy not to reflect such accumulations in the financial statements. Commencing with the 1983 reporting year, these specific surplus sinking funds accumulations amounting to $11,470,000 Canadian (1982 - $8,694,000 Canadian) have been recorded as receivable. Corresponding amounts have been set up as deferred revenue and are included on the Balance Sheet under "Other Current Liabilities". The 1982 figures have been restated to conform with the current year's presentation.

14. ONTARIO INFLATION RESTRAINT PROGRAM

Pursuant to the terms of The Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the Municipality of Metropolitan Toronto is subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the Municipality of Metropolitan Toronto were subject to restraint under the Provincial program.

15. CHANGES IN ACCOUNTING AND REPORTING POLICIES

Ontario Municipalities and their local boards must follow the accounting principles outlined in the Municipal Financial Reporting Handbook. Effective for the 1983 fiscal year, many of the accounting and reporting requirements were substantially revised. The 1982 figures presented for comparative purposes have been restated to conform with the new presentation in 1983. The revisions have not resulted in any change in Fund Balances at the end of either year. The following summary outlines the more significant changes made:

i) Presentation of a Balance Sheet and Statement of Operations which combines the position and operations of the revenue fund, capital fund, reserves and reserve funds. Prior to 1983, these were presented individually.

ii) Restricted assets, comprising assets of reserve funds, are now reported as such.

iii) Previously, the capital expenditures yet to be permanently financed were combined with the total of unmatured long term liabilities and reported in the Balance Sheet as "Capital outlay to be recovered in future years". Presently, the capital expenditures yet to be permanently financed are offset against the capital funds available for the acquisition of fixed assets and are reported on the Balance Sheet as "Unexpended capital financing" under the heading "Fund Balances". The total of unmatured long term liabilities is now represented by "Capital outlay financed by long term liabilities and to be recovered in future years".

THE MUNICIPALITY OF METROPOLITAN TORONTO
ANALYSIS OF CURRENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	1982 Actual	1983 Actual	1983 Budget	Budget Comparison
SURPLUS AT THE BEGINNING OF THE YEAR	$ 48,796	$ 33,323	$ 33,482	$ (159)
REVENUE				
Taxation and User Charges				
Requisition on local municipalities	1,400,935	1,552,708	1,539,288	13,420
User charges	90,622	112,997	104,593	8,404
Less: School board requisition	(907,773)	(1,005,858)	(996,607)	(8,651)
Grants				
Government of Canada	56	2,065	1,975	90
Province of Ontario	351,688	397,939	402,622	(4,683)
Other				
Investment income	23,306	12,351	13,000	(649)
Fines	21,185	22,716	25,800	(3,084)
Other	8,529	22,541	21,952	589
	988,748	1,118,259	1,112,823	5,436
EXPENDITURES				
General Government	60,722	52,212	50,358	(1,854)
Protection to persons and property	291,735	315,467	314,109	(1,358)
Transportation services	184,621	200,326	198,018	(2,308)
Environmental services	104,768	121,423	131,141	9,718
Health services	30,152	34,372	36,603	2,231
Social and family services	261,800	322,282	337,737	15,455
Recreation and cultural services	57,936	60,838	62,335	1,497
Planning and development	8,487	5,133	7,144	2,011
Other	-	-	8,860	8,860
	1,004,221	1,112,253	1,146,305	34,052
SURPLUS AT THE END OF THE YEAR	$ 33,323	$ 39,329	-	$ 39,329

THE MUNICIPALITY OF METROPOLITAN TORONTO

ANALYSIS OF CAPITAL OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1983

(in thousands of dollars)

	1982	1983
SOURCE OF FUNDS		
General Municipal purposes		
Long term liabilities incurred	$ 9,131	$ 38,160
Ontario grants	82,747	115,126
Other	14,801	20,879
Appropriations from other funds		
. current operations	38,149	55,309
. reserves	2,121	25,795
. reserve funds	569	494
	147,518	255,763
Municipal Enterprise purposes		
Long term liabilities incurred on behalf of the Metropolitan Toronto Waterworks System	1,001	
	148,519	255,763
EXPENDITURES AND TRANSFERS		
General Municipal purposes		
General government	658	432
Protection to persons and property	5,140	21,457
Transportation services	106,336	164,255
Environmental services	25,128	70,036
Health services	2,649	2,822
Social and family services	5,302	6,845
Recreation and cultural services	8,443	8,904
Planning and development	25	20
	153,681	274,771
Municipal Enterprise purposes		
Transfer of proceeds of issue of long term liabilities to the Metropolitan Toronto Waterworks System	1,001	
	154,682	274,771
Unexpended capital financing at the beginning of the year	65,730	34,267
Appropriation of prior years' financing re general municipal purposes to capital financing stabilizing reserve	25,300	
Unexpended capital financing at the end of the year	$ 34,267	$ 15,259

THE MUNICIPALITY OF METROPOLITAN TORONTO
ANALYSIS OF RESERVES AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	Total 1982 $	Total 1983 $	Exchange Stabilization $	Replacement of Equipment $	Convention Centre $	Emergency Response Facility $	Police Central Sick Pay $	Acquisition of Parklands $	Debenture Interest Accrual $	Metro Capital Facilities $	Capital Financing Stabilization $	C.N.E.A. Vested Reserves $
RESERVES												
Balance at the beginning of the year	23,160	69,503	2,360	2,722	13,500	1,000	409	1,000	3,822	5,000	39,694	-
Appropriations from (to) current operations	31,197	(3,677)		3,946		175	877		3,825	(5,000)	(7,500)	
Interest earned	1,500											
Other contributions	2	294		155								89
Appropriations to reserve funds	(8,000)	(6)		(6)								
Appropriations from (to) capital operations	23,179	(25,795)		(3,217)							(22,578)	
Other charges	(1,533)	(8,217)	-	(1,137)	(6,957)	-	(123)	-	-	-	-	-
Balance at the end of the year	69,503	32,056	2,360	2,463	6,543	1,175	1,158	1,000	7,650	-	9,616	89

	Total 1982	Total 1983	M.O.E. Contingencies Reserve Fund	O'Keefe Centre Capital Improvements	Stadium Capital Improvements	Insurance Reserve Fund	Corporate Sick Pay	Regent Park Community Centre	C.N.E.A. Vested Reserve Fund
RESERVE FUNDS									
Balance at the beginning of the year	16,294	11,149	111	180	48	731	10,079	-	-
Revenue									
Contributions from current operations	10,711	9,865		269	534	340	3,649	63	
Contributions from capital operations	7	7				7			
Contributions from reserves	8,000	6					6		
Contributions from others	780	588				190	248		150
Interest earned	1,711	1,338	4	26	9	92	1,290	1	-
	21,209	6,794	4	273	593	629	5,101	64	150
Expenditure									
Contributions to current operations	56	18			18				
Contributions to capital operations	570	696		320	176				
Other charges	25,728	3,363		-	-	611	2,752		
	26,354	3,877		320	192	611	2,752		
Balance at the end of the year	11,149	10,068	115	133	449	749	12,428	64	150

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Allan G. Andrews, C.A., *Metropolitan Auditor*

July 16, 1984

AUDITOR'S REPORT

**The Chairman and Members of the
Metropolitan Council of the
Municipality of Metropolitan Toronto**

I have examined the balance sheet of the trust funds of the Municipality of Metropolitan Toronto as at December 31, 1983 and the trust funds statement of continuity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the trust funds of the Municipality as at December 31, 1983 and the continuity of trust funds for the year then ended in accordance with generally accepted accounting principles for Ontario municipalities applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

THE MUNICIPALITY OF METROPOLITAN TORONTO
TRUST FUNDS STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	Total 1982	Total 1983	Homes For The Aged Residents' Trust Fund	Metropolitan Toronto Public Utilities Co-ordinating Committee	Edward Gardens "Wishing Fountain" Trust Fund	Transient Traders' License Fees
BALANCE, BEGINNING OF YEAR (see note below)	$10,949	$16,197	$13,183	$103	$ 1	$ 3
Capital Receipts						
Cash or collateral received	8,523	8,443	3,430			1
Membership fees	25	24		24		
Increase in value of investments	(185)	21	21			
Interest earned	2,415	1,606	1,251	10		
Sundry revenues	36	32		2		
	10,814	10,126	4,702	36		1
Expenditures						
Payments made to Metropolitan Treasurer	2,545	1,866	1,482			
Payments made to Provincial Courts	2,796	2,966				
Payments made to or on behalf of area municipalities	583	763				
Payments made to or on behalf of residents	2,529	2,715	2,715			
Payments made to sundry persons	1,262	1,346				
Materials, supplies and services	76	23		23		
	9,766	9,679	4,197	23		
BALANCE, END OF YEAR	$15,997	$16,604	$13,688	$116	$ 1	$ 4

TRUST FUNDS BALANCE SHEET
DECEMBER 31, 1983

ASSETS						
Cash	$ 278	$ 1,750	$ 1,549			
Investments at cost, which approximates market value						
Canada	728	614	556			
Provincial		296				
Other	13,880	13,532	11,521	$116		
	14,608	14,442	12,077	116		
Other						
Accounts receivable	35	38				
Interest receivable on investments	980	148	59			
Due from Metropolitan Toronto	395	325	3		$ 1	$ 4
	1,410	711	62		1	4
TOTAL ASSETS	$16,296	$16,903	$13,688	$116	$ 1	$ 4
LIABILITIES						
Accounts payable	$ 303	$ 295				
Due to Metropolitan Toronto		4				
Balance - Capital	15,993	16,604	$13,688	$116	$ 1	$ 4
TOTAL LIABILITIES	$16,296	$16,903	$13,688	$116	$ 1	$ 4

Effective January 1, 1983, mortgages held by residents of the Corporation's Homes for the Aged have been brought to account as assets of the Trust Funds and this has the effect of increasing the 1983 opening balance by $164,000.

THE MUNICIPALITY OF METROPOLITAN TORONTO
TRUST FUNDS STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 1983
(in thousands of dollars)

	Keele Valley Small Claims Deposit	Community Services Department Donations	Scarborough Beare Road Ski Facilities	Police Commission Trust Funds	Thackeray Landfill Restoration Fund
BALANCE, BEGINNING OF YEAR		$ 51	$ 1,769	$ 178	$ 116
Capital Receipts					
Cash or collateral received	$ 100	61		3,907	
Membership fees					
Increase in value of investments					
Interest earned			208		4
Sundry revenues					
	100	61	208	3,907	4
Expenditures					
Payments made to Metropolitan Treasurer				256	
Payments made to Provincial Courts				2,966	
Payments made to or on behalf of area municipalities					
Payments made to or on behalf of residents					
Payments made to sundry persons		65		271	56
Materials, supplies and services					
		65		3,493	56
BALANCE, END OF YEAR	$ 100	$ 47	$ 1,977	$ 192	$ 62

TRUST FUNDS BALANCE SHEET
DECEMBER 31, 1983

ASSETS					
Cash			$ 1	$ 192	$ 3
Investments at cost, which approximates market value					
Canada			57		
Provincial					
Other			1,834		59
			1,891		59
Other					
Accounts receivable					
Interest receivable on investments			85		1
Due from Metropolitan Toronto	$ 100	$ 47			
	100	47	85		1
TOTAL ASSETS	$ 100	$ 47	$ 1,977	$ 192	$ 62
LIABILITIES					
Accounts payable					
Due to Metropolitan Toronto					
Balance - Capital	$ 100	$ 47	$ 1,977	$ 192	$ 62
TOTAL LIABILITIES	$ 100	$ 47	$ 1,977	$ 192	$ 62

THE MUNICIPALITY OF METROPOLITAN TORONTO

TRUST FUNDS STATEMENT OF CONTINUITY

FOR THE YEAR ENDED DECEMBER 31, 1983

(in thousands of dollars)

	Metropolitan Municipalities Liability Trust Account	Security Deposits and Bonds	General Damages In Trust	Bequest from the Estate of Velma E. Francis	Bequest from the Estate of Henry Jackman
BALANCE, BEGINNING OF YEAR	$ 392	$ 66	$ 225	$ 24	$ 50
Capital Receipts					
Cash or collateral received	1,220	89	35		
Membership fees					
Increase in value of investments					
Interest earned	98	1	18	3	13
Sundry revenues	30				
	1,348	90	53	3	13
Expenditures					
Payments made to Metropolitan Treasurer	128				
Payments made to Provincial Courts					
Payments made to or on behalf of area municipalities	763				
Payments made to or on behalf of residents					
Payments made to sundry persons	798	122	34		
Materials, supplies and services					
	1,689	122	34		
BALANCE, END OF YEAR	$ 69	$ 34	$ 244	$ 27	$ 63

TRUST FUNDS BALANCE SHEET

DECEMBER 31, 1983

ASSETS					
Cash	$ 6				
Investments at cost, which approximates market value					
Canada		$ 1			
Provincial	296				
Other		2			
	296	3			
Other					
Accounts receivable	38				
Interest receivable on investments	3				
Due from Metropolitan Toronto	5	31	$ 244	$ 27	$ 63
	46	31	244	27	63
TOTAL ASSETS	$ 348	$ 34	$ 244	$ 27	$ 63
LIABILITIES					
Accounts payable	$ 295				
Due to Metropolitan Toronto	6				
Balance - Capital	69	$ 34	$ 244	$ 27	$ 63
TOTAL LIABILITIES	$ 348	$ 34	$ 244	$ 27	$ 63

The Municipality of
Metropolitan Toronto

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Allan G. Andrews, C.A., *Metropolitan Auditor*

May 10, 1984

AUDITOR'S REPORT

The Chairman and Members of
The Metropolitan Council of
The Municipality of Metropolitan Toronto

I have examined the balance sheet as at December 31, 1983, of the Metropolitan Waterworks System and the statements of revenue, expenditure and accumulated net revenue, continuity of reserves and reserve funds, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Metropolitan Waterworks System as at December 31, 1983, and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles for Ontario municipalities applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

METROPOLITAN WATERWORKS SYSTEM

BALANCE SHEET

DECEMBER 31, 1983

(with comparative figures for 1982)

	1983	1982
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Receivable from the Municipality	$ 15,802	$ 10,869
Accounts receivable - sale of water (note 5)	10,255	9,246
Other receivables	5,922	4,872
Prepaid expenses and deposits	197	225
Inventories	480	608
TOTAL CURRENT ASSETS	32,656	25,820
LONG TERM INVESTMENT RE EASEMENT RESERVE FUND (including interest receivable of $24,000 - 1982 $18,000)	64	58
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS	85,928	96,324
	$118,648	$122,202
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (notes 3, 4)	$ 2,103	$ 3,191
Other current liabilities	5,504	3,944
TOTAL CURRENT LIABILITES	7,607	7,135
LONG TERM DEBT FINANCED BY THE MUNICIPALITY (note 2)	85,928	96,324
RESERVES AND RESERVE FUNDS	3,380	1,982
ACCUMULATED NET REVENUE	13,844	10,163
UNAPPLIED CAPITAL RECEIPTS	7,889	6,598
	$118,648	$122,202

(see accompanying notes)

METROPOLITAN WATERWORKS SYSTEM

STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 1983

(with comparative budgeted figures for 1983 and actual figures for 1982)

	1983 Budget	1983 Actual (in thousands)	1982 Actual
REVENUE			
Sale of water	$64,300	$67,431	$59,921
Other revenue (Schedule I)	1,312	2,127	2,513
TOTAL REVENUE	65,612	69,558	62,434
EXPENDITURE			
Operations			
Water supply	9,177	10,390	9,586
Power and pumping	11,759	11,895	11,033
Water transmission and distribution	4,512	4,638	4,330
Administration	11,604	11,595	10,433
TOTAL OPERATING EXPENDITURE (Schedule II)	37,052	38,518	35,382
Principal payments and interest charges on long term debt	23,314	22,994	22,775
Transfers to reserves and reserve funds	1,392	1,392	1,540
Capital expenditure out of current revenue	3,137	2,973	2,844
TOTAL EXPENDITURE	64,895	65,877	62,541
NET REVENUE (COST) FOR THE YEAR	717	3,681	(107)
ACCUMULATED NET REVENUE, BEGINNING OF YEAR	10,163	10,163	10,270
ACCUMULATED NET REVENUE, END OF YEAR	$10,880	$13,844	$10,163

(see accompanying notes)

METROPOLITAN WATERWORKS SYSTEM

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1983

(with comparative figures for 1982)

	1983	1982
	(in thousands)	
SOURCE OF FUNDS		
Total revenue	$69,558	$62,434
Total operating expenditure	38,518	(35,382)
Total provided from operations	31,040	27,052
Proceeds of debenture issue transferred from the municipality		1,015
Contributions from sinking funds	3,943	2,046
Other		
Ministry of Environment share of costs:		
Water supply facilities grants	27	2,034
Provincial community services contribution program	520	1,579
	35,530	33,726
APPLICATION OF FUNDS		
Contribution to Metropolitan Sick Pay Reserve Fund		220
Capital expenditure	6,172	8,115
Principal payments and interest charges on long term debt	22,994	22,775
	29,166	31,110
NET INCREASE IN WORKING CAPITAL	6,364	2,616
WORKING CAPITAL, BEGINNING OF YEAR	18,685	16,069
WORKING CAPITAL, END OF YEAR	$25,049	$18,685

(see accompanying notes)

METROPOLITAN WATERWORKS SYSTEM

STATEMENT OF CONTINUITY OF RESERVES AND RESERVE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1983

(with comparative figures for 1982)

	Exchange Stabilization Reserve	Reserve for Accrual of Debenture Interest	Capital Financing Stabilizing Reserve	Reserve Fund for Liability for Easement	**Total 1983**	Total 1982
			(in thousands)			
BALANCE, BEGINNING OF YEAR	$ 384	$ 925	$ 615	$ 58	**$1,982**	$ 657
Contributions from current revenue		925	467		1,392	1,540
Interest earned				6	6	5
		925	467	6	1,398	1,545
Transfer to Metropolitan Toronto Reserve Fund						220
BALANCE, END OF YEAR	$ 384	$1,850	$1,082	$ 64	**$3,380**	**$1,982**

(see accompanying notes)

METROPOLITAN WATERWORKS SYSTEM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1983

1. ACCOUNTING POLICIES

(a) Financial Administration

The Municipality of Metropolitan Toronto Act requires the Waterworks System to be self-sustaining and to retain any surplus revenues generated from operations. Accordingly, the revenues, expenditures, assets and liabilities of the System are accounted for separately from the operations of the Municipality. For administrative convenience, staff of the System are employed by the Municipality, but all employee costs are charged directly to the System. The Municipality also provides working capital, temporary funding for capital works and issues debentures on behalf of the Waterworks System. Debt servicing requirements of these debentures are repaid by the System to the Municipality and charged against operating revenues of the System.

(b) Fixed Assets and Depreciation

Fixed assets are valued at the aggregate of the principal portion of net long term liabilities and reported on the Balance Sheet as "Capital Outlay to be recovered in future years". Accordingly, no depreciation is charged in the accounts.

(c) Inventories

Inventories are valued at cost.

(d) Liabilities Payable in Foreign Currencies

Long term debts payable in U.S. funds have been converted into Canadian funds at the exchange rate prevailing at the times the debts were incurred by the Municipality of Metropolitan Toronto.

(e) Charges for Net Long Term Liabilities

Debt servicing costs (principal and interest) are charged against current revenues in the periods in which they fall due. Interest charges are not accrued for the periods from the dates of the latest interest payments to the end of the financial year. It is the intention of Metropolitan Council to convert to a system of full accrual of debenture interest charges on January 1, 1985 and to permit the phasing of the fiscal impact over intervening years allocations are being made to a reserve established for this purpose.

The amount of $22,994,000 charged to expenditures on the Statement of Revenue and Expenditure consists of principal payments of $5,668,000 and interest payments of $16,877,000. Payments of interest and principal on debt issued in U.S. currency included in these amounts are reflected at the Canadian dollar cost incurred. Principal payments include the sum of $440,000 (1982 - $349,000) which reflects the excess of costs of conversion to U.S. funds over the corresponding principal amounts recorded at the times the debt was incurred.

2. LONG TERM DEBT FINANCED BY THE MUNICIPALITY TO BE RECOVERED FROM THE REVENUES OF THE WATERWORKS SYSTEM

Total principal amount of long term liabilities outstanding	$184,968,000
Less: Value of sinking funds accumulated to retire outstanding long term liabilities	99,040,000
	$ 85,928,000

Included in the total of $85,928,000 is $50,243,000 of long term debt payable in U.S. funds converted at rates of exchange prevailing at the times the debt was incurred. If translated at the exchange rate prevailing at December 31, 1983, the Canadian dollar equivalent of this amount of debt would be increased by $9,419,000 (1982 - $9,445,000).

3. VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan of the Municipality, unused sick leave can accumulate and employees, including employees of the Waterworks System, may become entitled to a cash payment when they leave the Municipality's employment.

In 1982, the Municipality of Metropolitan Toronto established a Corporate Sick Pay Reserve Fund in its own accounts to cover payouts to employees, including those of the System, such that contributions to the fund are sufficient to offset expected payouts over a given period of time.

For the purpose of establishing the level of this Fund, projections are required to be made over a forecast period of ten years, such projection process being repeated every two years. It is anticipated that this process will stabilize the financial impact on the System in respect of future payment of vested sick leave benefits. Based on the latest projections, the contributions of the System to the Corporate Sick Pay Reserve Fund are anticipated to amount to $633,000 for the years 1984-1986, $698,000 for the years 1987 to 1989 and $780,000 for the years 1990 to 1992. Such contributions will discharge any liability of the System in this regard.

The contribution of the Waterworks System to the Corporate Sick Pay Reserve Fund in 1983 amounted to $201,000.

4. PAST SERVICE PENSION COSTS

In addition to regular payments in respect of current service, the Metropolitan Toronto Waterworks is obligated to pay $382,000 in each of the years 1984 to 1992 in respect of an unfunded liability generated by improvements in the Metropolitan Toronto Pension Plan. No provision has been made in the accounts for this obligation. The expense is recorded when paid.

5. WATER BILLING ADJUSTMENTS

The accounts include an advance of $250,000 paid to the Borough of York as an interim credit in respect of an apparent overbilling for the sale of water for the period August 1980 to April 1982. The disposition of this matter is still under negotiation with the anticipated result that all or a portion of the final amount involved may be recoverable from another area municipality and accordingly no provision has been made in the accounts for any potential loss in this regard.

6. CAPITAL FINANCING STABILIZING RESERVE

Metropolitan Council on March 15, 1983, approved the creation of a Capital Financing Stabilizing Reserve, commencing in 1982, for the purpose of stabilizing the contribution of the current fund towards capital expenditure at a level no greater than 50 per cent of the actual net capital financing requirements for the year. To the extent that the annual provision in the operating budget to finance capital expenditures exceeds this limit, the surplus is transferred to the reserve; conversely if such annual provision amounts to less than this limit, the Metropolitan Treasurer may draw upon the reserve to meet any shortfall.

The balance of the reserve stood at $1,082,000 as at December 31, 1983.

7. ONTARIO INFLATION RESTRAINT PROGRAM

Pursuant to the terms of the Inflation Restraint Act enacted by the Ontario Legislature on December 15, 1982, the Metropolitan Waterworks System was subject to the Ontario Inflation Restraint Program. Accordingly, salaries and wages paid by the Metropolitan Waterworks System in 1983 were subject to restraint under the Provincial program.

8. COMPARATIVE FIGURES

Certain of the 1982 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

Schedule I

METROPOLITAN WATERWORKS SYSTEM

ANALYSIS OF OTHER REVENUE

FOR THE YEAR ENDED DECEMBER 31, 1983

(with comparative figures for 1982)

	1983	1982
	(in thousands)	
OTHER REVENUE		
Rentals	$ 86	$ 71
Investment income	1,457	1,656
Proceeds from disposal of surplus properties		4
Excess debenture proceeds used to offset debt charges	13	6
Transfer from municipality re Ontario Employment Incentive Program		640
Transfer from municipality re Canada/ Ontario Employment Development Program	305	
Miscellaneous	266	136
	$2,127	$2,513

Schedule II

METROPOLITAN WATERWORKS SYSTEM
ANALYSIS OF OPERATING EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1983
(with comparative figures for 1982)

	Salaries Wages and Fringe Benefits	Materials Supplies & Utilities	Other Services	Total 1983	Total 1982
			(in thousands)		
Water supply - own source	$ 6,333	$ 3,684	$ 373	$10,390	$ 9,586
Power and pumping	3,768	7,968	159	11,895	11,033
Water transmission and distribution	3,975	343	320	4,638	4,330
Administration	1,221	29	10,345	11,595	10,433
Total operating expenditure	$15,297	$12,024	$11,197	$38,518	$35,382